



SOUTHWEST GAS CORPORATION

Southern Arizona Update

March 2, 2011

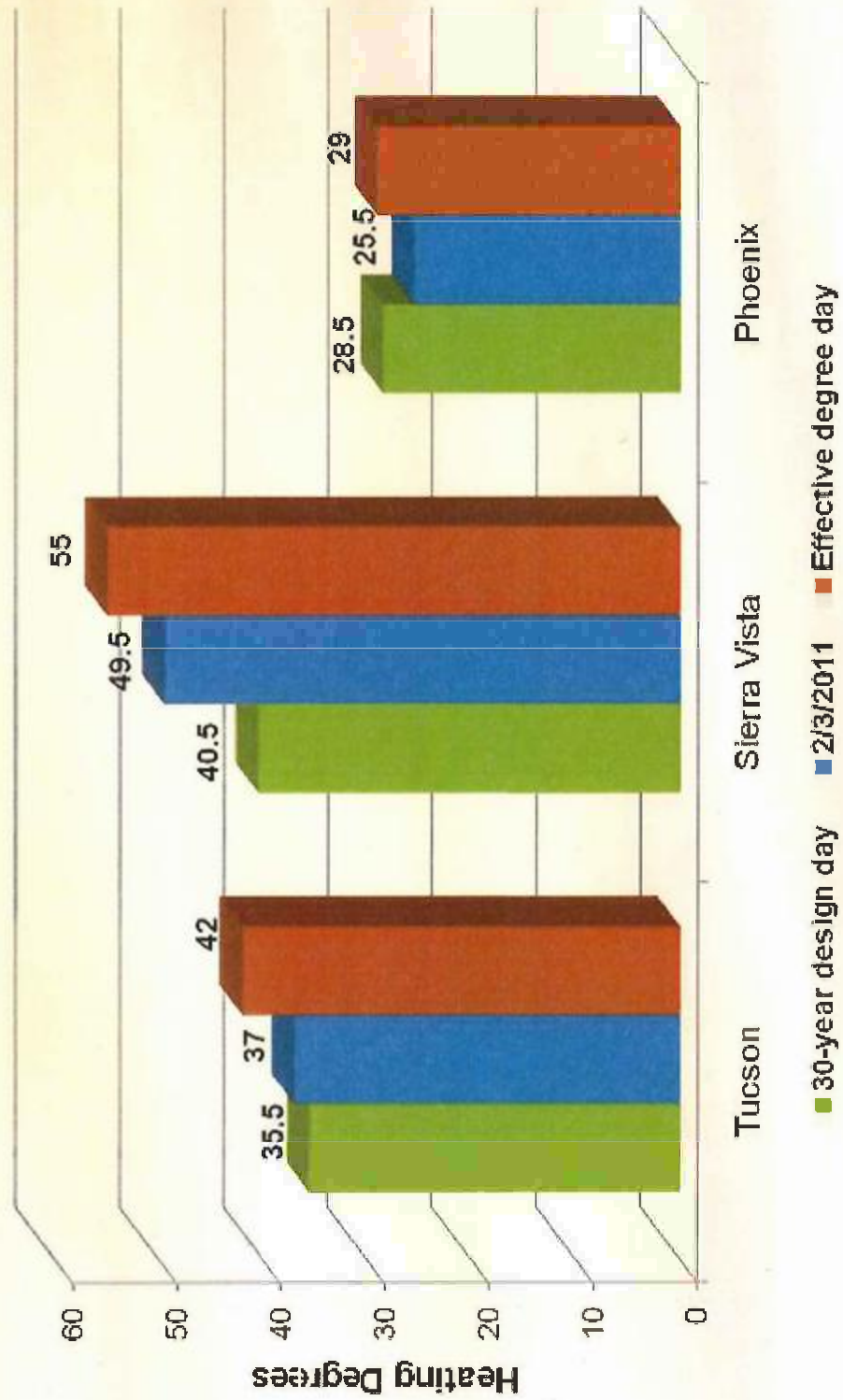
Causes of the Outages

- Extreme cold weather from Arizona thru Texas
- Well freeze-offs, gas processing plant shutdowns, and supply basin underperformance
- Peak gas demand by customers in Texas, New Mexico, and Arizona
- Pipeline demands exceeded available supplies
- Impaired pipeline operating pressures

Gas and Electricity Losses

- Production lost (compared to 10 day average)
 - 5.6 bcf nationally (approximately 10% of total)
 - 1.0 bcf in the three basins pertinent to Arizona
- Rockies and basins across Texas and into Louisiana lost remainder
- More than 50 Texas power plants offline
- Gas burn for electric generation 4% above prior year peak in Texas

Arizona Heating Degree Days



Southwest Gas Pipeline Supplies



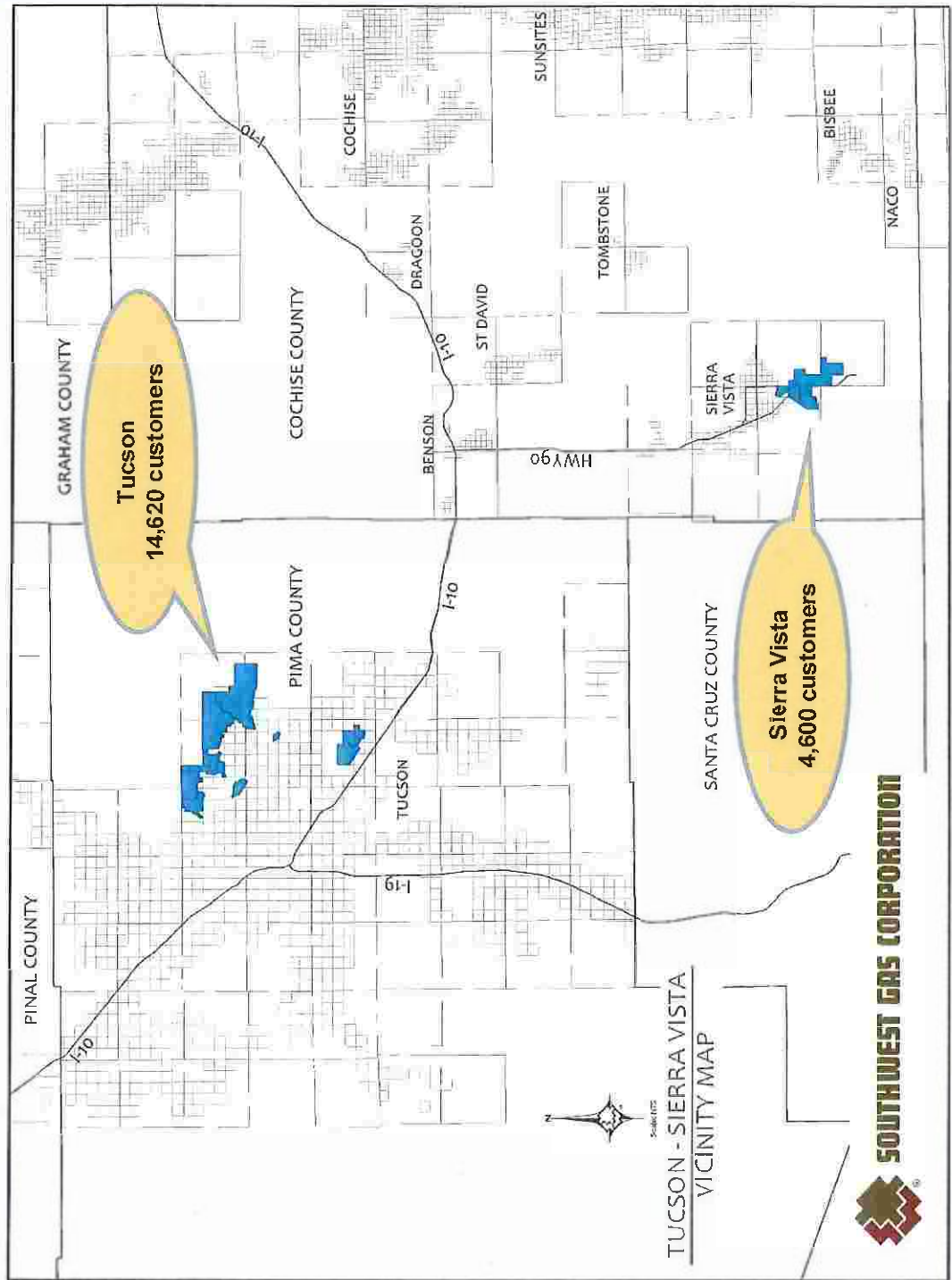
Advanced Warning

- Weather forecast for Arizona cities
- 24 hour monitoring of gas system
 - Interstate pipeline
 - Local distribution system
- Routine pipeline communications 2/2/2011
 - SOC warning 7:24 am MST
 - COC emergency 11:52 am MST
- None of these meant outages were certain

Emergency Plan

- SWG Emergency Plan Manual
 - Actions for low pressure situation
 - Curtailment plan
 - Isolation plans
 - Service restoration
- So. AZ Division Winter Operations Guide
 - Dictates Division preparation

February 3 Customer Outages



Customer Service Restoration

- 2/3/2011 outage reports to ACC
 - 6:57 am Sierra Vista
 - 7:47 am Tucson
- Service crews from Central Arizona, Southern Nevada, and Southern California
- Restoration effort began as supply operating pressures increased
- Once restoration efforts began, first service restoration attempt completed within 2.5 days

Customer Communication

- Issued news releases on February 3rd
- Initiated or responded to 376 media contacts
- Multiple daily website updates throughout the course of the outage
- Expanded call center hours including weekend operation
- Pima County Office of Emergency Management
 - Supported three news conferences
 - Supported Emergency Operation Center
- Need to expand traditional efforts to meet customer expectations

Moving Forward

- Debrief and collect data with El Paso
- Put record Feb 3rd weather event through ongoing physical gas and capacity planning process
 - Long-range forecast
 - Capacity commitments
 - Infrastructure improvements

Storage in Arizona

- Arizona Storage Coalition formed in 2007
 - Evaluating storage offerings
- Generally in the Ficacho Basin
- Political issues
 - Brine injection and the ADEQ
 - Municipalities object to above ground mined salt storage
- In general, will improve reliability
- Specific configuration and location matter

